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C O N F I D E N T I A L SECTION 01 OF 03 SKOPJE 000669

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SUBJECT: MACEDONIA: VMRO-DPMNE LEADER BEGINS BUILDING A
GOVERNING COALITION

REF: SKOPJE 648

Classified By: P/E CHIEF SHUBLER, REASONS 1.4(B) AND (D).

SUMMARY.

¶1. (C) Recent Macedonian parliamentary election winner (reftel) and VMRO-DPMNE leader Gruevski is engaged in trying to build a broad-based inter-ethnic governing coalition to help ensure stability as he pursues an economic reform agenda and continued implementation of NATO and EU integration reforms. Gruevski has offered both major eAlbanian parties -- DUI and DPA -- a place in a future government, but neither party appears ready to jump at his current offers of ministerial and other high-level positions. So far at least, each is indicating a clear preference for being Gruevski's exclusive eAlbanian partner.

¶2. (C) Gruevski faces personal and practical barriers to an inclusive coalition with both DUI and DPA. One alternate scenario is a coalition with DPA only, with nationalist VMRO-NP providing minority support, an option Gruevski would find politically expedient but personally distasteful due to his long-term political rivalry with VMRO-NP's leader. Gruevski has shown good negotiating skills in the coalition discussions so far, but we have questions about his ability to manage a broad-based coalition that includes both DUI and DPA. END SUMMARY.

CHALLENGE OF BUILDING AN INTER-ETHNIC PARLIAMENTARY MAJORITY

¶3. (SBU) In the wake of his party's victory in Macedonia's July 5 parliamentary elections (reftel), VMRO-DPMNE leader Gruevski has begun building a "parliamentary majority" that will form the core of the next government. VMRO-DPMNE expects the constitutive session of the new parliament to be held on or about July 26, after which they expect President Crvenkovski to give Gruevski the mandate to form a new government. Gruevski then would have 20 days to form a government and present it and his program for approval. In the event that he could not form a government, which we believe is unlikely, Gruevski would return the mandate and it would then be passed to another party, probably the current government coalition leader, SDSM.

¶4. (C) Gruevski needs at least 61 seats in the 120-seat unicameral parliament to form a government. The electoral coalition headed by his party currently holds 44 seats. Having completed preliminary talks over the July 8-9 weekend with ethnic Albanian DPA (leading eAlbanian opposition party,

11 seats), NSDP (a party formed after its leader broke away from the governing SDSM, 7 seats), and two smaller one-seat parties (DOM and PEI), Gruevski cobbled together a parliamentary majority of 64 MPs. That would have given him an adequate but fragile majority, leaving the SDSM (32 seats), the eAlbanian DUI/PDP coalition (18 seats) and the nationalist VMRO-NP (6 seats) as a strong opposition.

WANTED: A BROADER INTER-ETHNIC COALITION THAT PRESERVES STABILITY, EXCLUDES NATIONALIST PARTY

15. (C) On July 9, Gruevski met with DUI representatives to discuss a broader coalition, including DUI and DPA, that would give a VMRO-DPMNE-led government 82 seats, and a 2/3 majority in the parliament. Gruevski told us during meetings on July 11 and 12 that he wanted a stronger coalition that would guarantee stability in the country to allow him to focus on implementing his economic reform plan (tax cuts, continued privatization and liberalization, and combating corruption). He did not want VMRO-NP, headed by his former mentor and now bitter rival Ljupco Georgievski, in the coalition. He acknowledged that Georgievski still retains influence within VMRO-DPMNE, and also with DPA, and said the larger coalition would help dilute that influence.

16. (C) Gruevski said he initially offered both DPA and DUI a place in the coalition, but that DPA (VMRO-DPMNE's traditional governing partner) had rejected the offer. DPA Vice President Thaci had insisted that DPA could not work with DUI. He pledged that, if DPA entered government without DUI, he would secure VMRO-NP support for the coalition as a minority partner, giving the coalition an additional six MP votes.

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17. (C) However, Gruevski said he did not want VMRO-NP support, which he believed would put the coalition under pressure to weaken Macedonia's money-laundering laws and to give amnesty to former VMRO-NP members accused of financial malfeasance. He had tried to persuade DPA to reconsider joint participation with DUI, since he believed it would be necessary to have DUI inside the government for at least a year to guarantee stability. A coalition with DUI and DPA also would make it more difficult for VMRO-NP to "blackmail" the government, since the NP votes would be unnecessary for any legislative purposes.

18. (C) With both parties in the government, Gruevski argued, his government could focus on building the economy, instead of dealing with security issues. He could also focus on implementing NATO and EU-related reforms. Furthermore, the combination would guarantee stability on Kosovo's southern flank during the final status process. However, DPA still was playing hard to get.

POWER-SHARING FORMULA

19. (C) Gruevski said DUI had been willing to work in coalition with DPA, provided VMRO-DPMNE gave up some of its own ministerial posts to DPA, which would increase the spoils for DUI. Gruevski had counterproposed with a power-sharing formula of five ministerial posts for DUI and DPA together, with DUI getting three ministries and DPA getting two. He also would offer DUI one of the Deputy Prime Minister slots, and would offer DPA one of the two Deputy Speaker of Parliament positions. In the meantime, he would look for three to five additional MPs from some of the smaller parties to bolster support for his incipient coalition.

GRUEVSKI'S QUANDARY: BIGAMY OR A SINGLE BRIDE?

110. (C) Gruevski acknowledged the political risk inherent in courting DUI and DPA for a future government. He conceded that his political support base would strongly resist the sole inclusion of DUI -- which he consistently had criticized

as unreformed rebels and criminals during their four years in government -- despite the fact that he believed DUI was "an easier negotiating partner."

¶11. (C) It would be equally difficult for his supporters to swallow the exclusion of DPA, which was VMRO-DPMNE's traditional partner, Gruevski said. He was concerned that VMRO-NP would organize protests from within his party if he ended up with only DUI as his eAlbanian partner. In the end, Gruevski concluded that he would favor a coalition with only DPA if he could not persuade both parties to join. He was confident DPA was prepared to offer qualified candidates with solid credentials for ministerial slots.

DPA AND DUI WEIGH IN -- NEITHER SIDE READY TO TAKE THE PLUNGE

¶12. (C) The Charge met with DPA leaders Xhaferi and Thaci, and separately with DUI leader Ahmeti, in Tetovo on July 12 to convey to them the USG position (also delivered to Gruevski) that: 1.) the Embassy would not press for inclusion or exclusion from a future coalition government any party, and would work with any government constituted under proper constitutional and parliamentary procedures; 2.) the next government should focus on implementing NATO and EU-related reforms and on strengthening rule of law in order to more effectively combat crime and corruption; and 3.) the next government must not include anyone with a record of corruption, election-related malfeasance, or involvement in criminal activities.

¶13. (C) Both parties agreed with the USG position. DPA's Thaci argued against inclusion of DUI in the government. He claimed that DPA was VMRO-DPMNE's natural negotiating partner, that including DUI would legitimize that party's alleged abuses of power over the last four years, and that there was no easy way to divide ministerial and other high-level government positions among the two eAlbanian parties. He also said the planned return of ICTY war crimes cases to Macedonian jurisdiction, scheduled to begin by the end of this year, would pose a problem for DUI, since several of the suspects in those cases were DUI members.

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¶14. (C) DUI leader Ahmeti told the Charge he felt obliged to pursue a place in the governing coalition, since his party had won the majority of the eAlbanian vote. He said talks with Gruevski were going well, and had focused on future legislation governing the use of language and state symbols, as well as other FWA-related matters. He claimed the issue of how to divide ministries in a future government would only be discussed at a later date, and that the issue of including both DUI and DPA in a governing coalition had not been seriously raised by Gruevski.

PERSONAL AND PRACTICAL OBSTACLES TO A COALITION WITH BOTH DUI AND DPA

¶15. (C) Should Gruevski find himself in a governing coalition with both DUI and DPA, he will face personal and practical obstacles to effective coalition management. Gruevski has a reputation as a prickly leader who can be stubborn and who is not easily disposed toward compromise. Additionally, his political base strongly favors a coalition with DPA and will not take easily to inclusion of DUI, whose members are viewed by many VMRO-DPMNE supporters as unreformed rebels from the 2001 conflict. Gruevski also would face the prospect of persuading his DUI partners to accept the return of the ICTY cases to Macedonian jurisdiction, something VMRO-DPMNE has long called for and which DUI has fiercely opposed.

¶16. (C) Gruevski also is aware of the strong potential for intra-coalition tension and strife as DPA and DUI jockey for position after an initial government coalition honeymoon. There is no small amount of personal animosity between Thaci and Ahmeti, and each party likely would feel driven to outdo

the other in terms of ministerial posts obtained, and the patronage those portfolios would afford.

¶17. (C) In the end, Gruevski will need to balance the practical challenges inherent in a joint coalition with DUI and DPA against the mathematical advantage of holding 82 seats in parliament through a broad-based partnership. Keeping DPA alone as a coalition partner may prove to be the less demanding option in terms of coalition management. It would assuage VMRO-DPMNE's political base of support, give the party more ministerial posts to distribute internally, and require less time and effort devoted to coalition maintenance. At the same time, however, it could leave Gruevski dependent from time to time on rival VMRO-NP for support, a scenario he clearly views with distaste.

COMMENT

¶18. (C) Gruevski so far has shown more impressive diplomatic and leadership skills in the ongoing coalition negotiations than he has demonstrated previously. His broad-based approach to building the coalition, while leading with the "DPA only" option first to put pressure on DUI, suggests a keen negotiating sense and a shrewdness that eluded him in earlier political endeavors while VMRO-DPMNE was in the opposition. Of continuing concern, however, is how Gruevski will manage to hold a broad-based coalition together if it includes both DUI and DPA, something we expect to find out in the next several days.

WOHLERS